

**GOLDEN TOWNSHIP
OCEANA COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

March 31, 2008

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GOLDEN TOWNSHIP

Board Members

	<u>Position</u>
Don Walsworth	Supervisor
Connie Cargill	Treasurer
Laurie Kolosci	Clerk
Carl Fuehring	Trustee
Kevin Ackley	Trustee

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Township Board
Golden Township
Oceana County
Mears, Michigan

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Township, Michigan as of March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 22 through 23, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Muskegon
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Muskegon, MI 49444
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Fax (231)-798-8409

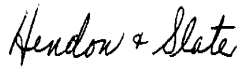
Fremont
711 West Main Street
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Montague
4538 Dowling Street
Montague, MI 49437
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Hart
1550 N. Industrial Park Drive
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Phone (231) 873-5611
Fax (231) 873-7033

www.hscompanies.com

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Golden Township, Michigan's basic financial statements. The individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.
Certified Public Accountants
October 7, 2008

GOLDEN TOWNSHIP

Management's Discussion and Analysis (MD&A) For the Year Ended March 31, 2008

Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets decreased 5.2% from a year ago - decreasing from \$802,512 to \$760,792. The decrease is due mainly to the purchase of a new township hall.

	Governmental Activities	
	<u>2008</u>	<u>2007</u>
Current Assets	\$ 438,049	\$ 647,388
Noncurrent Assets	<u>359,349</u>	<u>181,135</u>
Total Assets	<u>\$ 797,398</u>	<u>\$ 828,523</u>
Long-Term Debt Outstanding	\$ 2,818	\$ -
Other Liabilities	<u>33,788</u>	<u>26,011</u>
Total Liabilities	<u>\$ 36,606</u>	<u>\$ 26,011</u>
Net Assets		
Invested in Capital Assets-Net of Debt	\$ 346,159	\$ 181,135
Restricted	37,573	23,118
Unrestricted	<u>377,060</u>	<u>598,259</u>
Total Net Assets	<u>\$ 760,792</u>	<u>\$ 802,512</u>

Unrestricted net assets - the part of net assets that can be used to finance day to day operating, decreased by \$221,199 for the governmental activities. This represents an decrease of 36.97%.

	Activities	
	<u>2008</u>	<u>2007</u>
Program Revenues		
Charges for Services	\$ 11,403	\$ 14,274
General Revenues		
Property Taxes	474,336	417,518
State Sources	139,175	132,589
Investment Earnings	10,682	12,817
Miscellaneous	<u>112,979</u>	<u>14,831</u>
Total Revenues	<u>\$ 748,575</u>	<u>\$ 592,029</u>

Management's Discussion and Analysis (Continued)

Program Expenses		
General Government	304,949	196,926
Public Safety	-	73,578
Public Works	364,424	193,781
Community/Economic Development	34,203	39,637
Recreation and Culture	4,393	21,763
Other	11,282	10,927
Capital Outlay	17,286	1,179
Loss on Sale of Assets	53,758	-
Total Expenses	790,295	537,791
Change in Net Assets	\$ (41,720)	\$ 54,238

The Township's total net assets continue to remain healthy even though expenses were approximately \$40,000 more than revenues. As stated above, this was a result of the purchase of a new township hall during the current fiscal year.

Governmental Activities

The Township's total governmental revenues increased by \$156,546 mostly due to a large donation from an individual to aid in the purchase of the new township hall.

Expenditures increased by \$418,538 over the prior year. This increase was mostly due to the purchase of a new township hall.

Business-Type Activities

The Township had no business type activities.

The Township's Fund

Our analysis of the Township's major funds follows the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2008 include the General Fund and Road Fund.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. The most significant amendments were made for increases in miscellaneous income due to a large donation and building and grounds capital outlay due to the purchase of a new building.

Capital Asset and Debt Administration

Capital Assets - At the end of 2008, the Township had \$351,749 invested in a broad range of capital assets, including land, buildings, and equipment. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the township's financial statements because of Michigan law, which makes these roads property of the Oceana County Road Commission (along with the responsibility to maintain them).

Debt - At the end of 2008 fiscal year, the Township had \$5,590 in notes payable outstanding versus \$-0- in the prior year. New debt resulted from the purchase of accounting software payable in three annual installments.

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 08/09 fiscal year projects that the revenues and expenditures will decrease by approximately \$170,000 since the revenues and expenditures in the current fiscal year are inflated due to the purchase of a new building.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

GOLDEN TOWNSHIP

Government Wide Statement on Net Assets March 31, 2008

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and Investments	\$ 388,836
Taxes Receivable	43,251
Accounts Receivable-Fiduciary Funds	253
Prepaid Insurance	<u>5,709</u>
Total Current Assets	438,049
Non-Current Assets	
Restricted Cash	7,600
Property and Equipment	406,977
Accumulated Depreciation	<u>(55,228)</u>
Total Non-Current Assets	<u>359,349</u>
Total Assets	797,398
Liabilities	
Current	
Accounts Payable	23,416
Due to Other Entities	7,600
Current Portion of Long-Term Debt	<u>2,772</u>
Total Current Liabilities	33,788
Non-Current Liabilities	
Long-Term Debt	<u>2,818</u>
Total Liabilities	<u>36,606</u>
Net Assets	
Invested in Capital Assets	
Net of Related Debt	346,159
Restricted for Perpetual Care	37,573
Unrestricted	<u>377,060</u>
Total Net Assets	<u><u>\$ 760,792</u></u>

The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Government Wide Statement of Activities For the Fiscal Year Ended March 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expenses) Revenue and Changes in Net Assets Governmental Activities</u>
Primary Government			
General Government	\$ 304,949	\$ 11,403	\$ (293,546)
Public Works	364,424	-	(364,424)
Community/Economic Development	34,203	-	(34,203)
Recreation and Culture	4,393	-	(4,393)
Other	11,282	-	(11,282)
Capital Outlay	17,286	-	(17,286)
Total Primary Government	<u>\$ 736,537</u>	<u>\$ 11,403</u>	(725,134)

General Revenues

Property Taxes - Levied for General Purpose	227,436
Property Taxes - Levied for Public Works	246,900
State Sources	139,175
Interest	10,682
Miscellaneous	112,979
Loss on Sale of Assets	(53,758)
Total General Revenues	<u>683,414</u>

Change in Net Assets (41,720)

Net Assets - Beginning 802,512

Net Assets - Ending \$ 760,792

The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Governmental Fund Balance Sheet March 31, 2008

	<u>General Fund</u>	<u>Road Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Investments	\$ 189,970	\$ 166,724	\$ 39,742	\$ 396,436
Taxes Receivable	20,095	23,156	-	43,251
Prepaid Expenses	3,750	-	-	3,750
Due from Other Funds	253	-	-	253
Total Assets	<u>\$ 214,068</u>	<u>\$ 189,880</u>	<u>\$ 39,742</u>	<u>\$ 443,690</u>
Liabilities				
Accounts Payable	\$ 23,416	\$ -	\$ -	\$ 23,416
Due to Other Entities	-	7,600	-	7,600
Total Liabilities	23,416	7,600	-	31,016
Fund Balances				
Unreserved	190,652	182,280	2,169	375,101
Reserved	-	-	37,573	37,573
Total Fund Balances	<u>190,652</u>	<u>182,280</u>	<u>39,742</u>	<u>412,674</u>
Total Liabilities and Fund Balances	<u>\$ 214,068</u>	<u>\$ 189,880</u>	<u>\$ 39,742</u>	<u>\$ 443,690</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets For the Fiscal Year Ended March 31, 2008

Total Governmental Fund Balances	\$	412,674
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Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Prepaid Insurance reflects amounts that will be used in a future period.		1,959
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net assets that are not reported in the governmental statement of activities:

Note Payable		(5,590)
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Asset		406,977
Governmental Accumulated Depreciation		<u>(55,228)</u>

Total Net Assets - Governmental Activities:	\$	<u><u>760,792</u></u>
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The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Governmental Fund Statements of Revenue, Expenditures and Changes in Fund Balance For the Fiscal Year Ended March 31, 2008

	General Fund	Road Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 227,436	\$ 246,900	\$ -	\$ 474,336
State Sources	133,844	5,331	-	139,175
Charges for Services	11,403	-	-	11,403
Interest	5,633	3,884	1,165	10,682
Reimbursements	1,424	-	-	1,424
Other	108,857	1,848	850	111,555
Total Revenues	488,597	257,963	2,015	748,575
Expenditures				
General Government	293,681	-	-	293,681
Public Works	-	364,424	-	364,424
Community and Economic Dev.	34,203	-	-	34,203
Recreation and Culture	4,393	-	-	4,393
Debt Service	2,795	-	-	2,795
Other	11,282	-	-	11,282
Capital Outlay	252,987	-	-	252,987
Total Expenditures	599,341	364,424	-	963,765
Excess Revenue Over (Under) Expenditures	(110,744)	(106,461)	2,015	(215,190)
Other Financing Sources (Uses)				
Proceeds from Long-Term Debt	8,385	-	-	8,385
Proceeds from Sale of Assets	1	-	-	1
Operating Transfers In (Out)	(13,605)	-	13,605	-
Total Other Financing Sources (Uses)	(5,219)	-	13,605	8,386
Excess Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing (Uses)	(115,963)	(106,461)	15,620	(206,804)
Fund Balance - Beginning	306,615	288,741	24,122	619,478
Fund Balance - Ending	\$ 190,652	\$ 182,280	\$ 39,742	\$ 412,674

The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended March 31, 2008

Net Change in Fund Balances - Total Governmental Funds	\$	(206,804)
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Amounts reported for governmental activities in the statement of activities are different because:

Prepaid Insurance reflects amounts that will be used in a future period.

Current Year Prepaid Insurance	1,959		
Prior Year Prepaid Insurance	<u>(1,899)</u>		60

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense

Capital outlay reported in governmental fund statements	252,987		
Capital outlay reported as expenses in statement of activities	<u>(17,286)</u>		
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) in assets	235,701		
Depreciation expense reported in the statement of activities	<u>(11,328)</u>		224,373

Loan proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net assets.

Proceeds from Long-Term Debt	(8,385)		
Principal Payment on Long-Term Debt	<u>2,795</u>		(5,590)

In the statement of activities, the loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.

Proceeds from Sale of Assets	(1)		
Loss on Sale of Assets	<u>(53,758)</u>		<u>(53,759)</u>

Changes in Net Assets - Governmental Activities	\$	<u><u>(41,720)</u></u>
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The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Statement of Net Assets - Fiduciary Funds **March 31, 2008**

	<u>Tax Fund</u>	<u>Trust and Agency Fund</u>
Assets		
Cash and Investments	\$ 2,907	\$ 4,450
Liabilities		
Due to Other Funds	253	-
Due to Others	<u>2,654</u>	<u>4,450</u>
Total Liabilities	<u>2,907</u>	<u>4,450</u>
Net Assets		
Unreserved	<u>\$ -</u>	<u>\$ -</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Notes to the Financial Statements For the Year Ended March 31, 2008

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Golden Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by Golden Township.

A. Reporting Entity

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on this criteria, there are no other entities included in this report.

B. Joint Venture

Hart Area Fire Administrative Board

The Township is a member of Hart Area Fire Administrative Board, which was organized to provide fire protection for its member units. It is a joint venture of four governmental units governed by a board composed of representatives from each of the respective member units. The joint venture is financed through contributions from each participating unit based upon that unit's state taxable value of property. The Township does not report an equity interest in this joint venture in these financial statements because the Township does not have an explicit and measurable right to the joint venture's resources. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial information based on the June 30, 2007 audit report of the Hart Area Fire Administrative Board follows:

Notes to the Financial Statement (Continued)

Total Assets	\$ 289,345
Total Liabilities	<u>16,068</u>
Net Assets	<u>\$ 273,277</u>
Operating Revenues	\$ 171,334
Operating Expenses	<u>(106,564)</u>
Net Profit	<u>\$ 64,770</u>

Complete financial statements for Hart Area Fire Administrative Board may be obtained from Hart Area Fire Administrative Board, PO Box 125, Hart, MI 49420.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. The Township has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

1. State Shared Revenue Receivable

State Shared Revenue is distributed in six installments per year. Often the last payment has not been received by March 31; therefore, a receivable is recorded for this amount. The final payment of \$21,737 was received by March 31, thus no amount was recorded as receivable.

2. Property Taxes Receivable

The Township property tax is levied on each December 1st on the taxable valuation of the property (as defined by state statutes) located in the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2007 delinquent taxes of \$43,251 were not received as of March 31, 2008.

The 2007 taxable valuation of the Township totaled \$139,129,038 on which ad valorem taxes levied consisted of 1.2286 mills for general operating and 1.7769 mills for roads raising \$171,829 for operating and \$248,735 for roads. These amounts are recognized in the respective general and special revenue fund financial statements as current tax revenue.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road fund accounts for the resources of property tax revenue and charges for services that are restricted for new road construction purposes.

In addition to the major funds, the Township reports the following fund types:

The Perpetual Care Fund is a permanent fund and accounts for perpetual care of the cemetery. All financial decisions concerning the Perpetual Care Fund are approved by the Township Board.

Notes to the Financial Statement (Continued)

Fiduciary Funds are used to account for assets held by a governmental unit as the trustee or agent for others. The Current Tax Collection Fund and the Trust and Agency Fund are the only fiduciary funds of the Township.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

E. Assets, Liabilities, and Fund Balance

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Inventories and Prepaid Items - Payments for inventory types of supplies are recorded as expenditures at the time of purchase. Normally expenditures are not divided between years by the recording of prepaid expenses. There were no material inventories at year end.

Restricted Assets - Cash in the Perpetual Care Fund is restricted. The corpus can not be spent, however income earned from the restricted cash may be used to maintain the cemetery.

Restricted Cash - A portion of the cash in the Road Fund is restricted to pay for road enhancements for the Silver Lake Corridor special assessment.

Capital Assets - Capital assets, which include property, buildings and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of assets or materially extend assets lives is not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against operations in the government-wide statements. Accumulated depreciation is reported on the government-wide statement of net assets.

Property, buildings and equipment is depreciated using the straight-line method over the following useful lives:

Land	N/A
Land Improvements	40 years
Buildings and Improvements	10 to 40 years
Equipment	7 years

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Township approves its originally adopted budget by the end of the current fiscal year. Amendments are approved periodically during the year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Township does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budget Item</u>	<u>Budget</u> <u>Appropriation</u>	<u>Actual</u> <u>Expenditures</u>	<u>Difference</u>
GF - Building & Grounds	\$ 231,600	\$ 280,991	\$ (49,391)
GF - Transfers Out	\$ -	\$ 13,605	\$ (13,605)

NOTE C CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated four banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in accordance with the statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

The Township's cash and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and Investments	\$ 388,835	\$ 7,357	\$ 396,192
Restricted Cash	7,600	-	7,600
	<u>396,435</u>	<u>7,357</u>	<u>403,792</u>
A summary by type are:			
Cash (Deposits)		Carrying Value	Market Value
Cash in Demand Accounts		\$ 197,329	\$ 230,604
Cash in Time Deposit Accounts		206,463	206,463
Total Cash and Investments		<u>403,792</u>	<u>437,067</u>

The bank balance of the Township's deposits is \$437,067, of which \$223,992 is covered by federal depository insurance and \$213,075 is uninsured.

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Notes to the Financial Statement (Continued)

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Township or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the government's name.

Depositories actively used by the Township during the year are detailed as follows:

1. Huntington Bank
2. Fifth Third Bank
3. West Shore Bank

NOTE D RECEIVABLES

Taxes receivable are for delinquent real property taxes purchased by the County of Oceana. Receivables as of year-end for the Township's individual major and non-major funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollected accounts, are as follows:

	General Fund	Road Fund	Perpetual Care Fund	Total
Taxes Receivable	\$ 20,095	\$ 23,156	\$ -	\$ 43,251
Less: Allow. for Uncoll.	-	-	-	-
Net Receivables	<u>\$ 20,095</u>	<u>\$ 23,156</u>	<u>\$ -</u>	<u>\$ 43,251</u>

No allowances have been made for non-collectable accounts because most delinquent receivables can be added to the tax roll if they remain unpaid and become a lien against the property.

NOTE E CAPITAL ASSETS

Capital asset activity of the primary government of the current year was as follows:

Governmental Activities	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Capital Assets not Depreciated				
Land	\$ 47,225	\$ 40,634	\$ -	\$ 87,859
Capital Assets - Depreciated				
Land Improvements	58,905	-	-	58,905
Buildings and Improvements	169,871	186,682	169,871	186,682
Equipment	65,146	-	-	65,146
Software	-	8,385	-	8,385
Subtotal	<u>195,067</u>	<u>195,067</u>	<u>169,871</u>	<u>319,118</u>

Notes to the Financial Statement (Continued)

Less Acc. Depreciation for				
Land Improvements	3,512	1,473	-	4,985
Buildings and Improvements	112,576	4,313	116,112	777
Equipment	43,924	4,843	-	48,767
Software	-	699	-	699
Subtotal	<u>11,328</u>	<u>11,328</u>	<u>116,112</u>	<u>55,228</u>
Net Capital Assets depreciated	<u>183,739</u>	<u>183,739</u>	<u>53,759</u>	<u>263,890</u>
Total Governmental Activities				
Capital Assets - Net of Dep.	<u>\$ 230,964</u>	<u>\$ 224,373</u>	<u>\$ 53,759</u>	<u>\$ 351,749</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	<u>\$ 11,328</u>

NOTE F INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Receivable Fund (Due From)		Payable Fund (Due To)	
General Fund	<u>\$ 253</u>	Tax Account	<u>\$ 253</u>
Interfund Transfers			
<u>Transfers In</u>		<u>Transfers Out</u>	
Cemetery Fund	<u>\$ 13,605</u>	General Fund	<u>\$ 13,605</u>

NOTE G PAYABLES

Payables at March 31, 2008, were as follows:

Hart Area Fire Board	\$ 18,445
Miscellaneous	<u>4,971</u>
Total Payables	<u>\$ 23,416</u>

NOTE H RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE I EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined Contribution Pension Plan

The Township provides pension benefits to all of its full time employees through a defined contribution plan administered by Met Life of Connecticut. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Township's contributions for each employee (plus interest allocated to the employee's account) are fully vested immediately upon deposit of the contribution by the Township. The Township's current year pension cost was \$5,214. The Township paid \$9,983 during the year, including participant fees. \$4,894 was paid on behalf of the employees in the current year. Covered payroll for the current year is \$91,891; and total payroll of the Township is \$92,752.

NOTE J NOTE PAYABLE

Governmental Activities

During the year ended March 31, 2008, the Township purchased accounting software that is due in three annual installments, the first due during the current year.

The annual requirements to amortize long-term debt outstanding as of March 31, 2008, detailed as follows:

Year Ended March 31,	Principal
2009	\$ 2,772
2010	2,818
Total	<u>\$ 5,590</u>

Changes in Long-Term Debt - The following is a summary of debt transactions of the Township for the year ended March 31, 2008:

	Debt Outstanding - April 1, 2007	Debt Added During Year	Debt Retired During Year	Debt Outstanding - March 31, 2008	Amount Due Within One Year
Note Payable	<u>\$ -</u>	<u>\$ 8,385</u>	<u>\$ 2,795</u>	<u>\$ 5,590</u>	<u>\$ 2,772</u>

GOLDEN TOWNSHIP

Required Supplementary Information Budgetary Comparison Schedule for the General Fund For the Year Ended March 31, 2008

	Budgeted Amounts			Variance to
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ -	\$ -	\$ 306,615	\$ 306,615
Resources (Inflows)				
Property Taxes	194,965	194,965	227,436	32,471
State Grants	135,000	135,000	133,844	(1,156)
Charges for Services	18,900	18,900	11,403	(7,497)
Interest	5,000	5,000	5,633	633
Reimbursements	-	-	1,424	1,424
Other	600	223,600	108,857	(114,743)
Proceeds from Sale of Assets	-	-	1	1
Proceeds from Long Term Debt	<u>-</u>	<u>-</u>	<u>8,385</u>	<u>8,385</u>
Amounts Available for Appropriation	354,465	577,465	803,598	226,133
Charges to Appropriations (Outflows)				
General Government	288,742	511,742	546,668	(34,926)
Community and Economic Development	44,340	44,340	34,203	10,137
Recreation & Culture	5,550	5,550	4,393	1,157
Debt Service	-	-	2,795	(2,795)
Other	15,833	15,833	11,282	4,551
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>13,605</u>	<u>(13,605)</u>
Total Charges to Appropriation	<u>354,465</u>	<u>577,465</u>	<u>612,946</u>	<u>(35,481)</u>
Budgetary Fund Balance-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,652</u>	<u>\$ 190,652</u>

GOLDEN TOWNSHIP

Required Supplementary Information Budgetary Comparison Schedule for the Road Fund For the Year Ended March 31, 2008

	Budgeted Amounts			Variance to
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ -	\$ -	\$ 288,741	\$ 288,741
Resources (Inflows)				
Property Taxes	260,210	260,210	246,900	(13,310)
State Grants	3,900	3,900	5,331	1,431
Interest	5,000	5,000	3,884	(1,116)
Other	350	350	-	(350)
Transfer In	<u>3,500</u>	<u>94,965</u>	<u>1,848</u>	<u>(93,117)</u>
Amounts Available for Appropriation	272,960	364,425	546,704	182,279
Charges to Appropriations (Outflows)				
Public Works	<u>272,960</u>	<u>364,425</u>	<u>364,424</u>	<u>1</u>
Total Charges to Appropriation	<u>272,960</u>	<u>364,425</u>	<u>364,424</u>	<u>1</u>
Budgetary Fund Balance-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,280</u>	<u>\$ 182,280</u>

GOLDEN TOWNSHIP

Combining Balance Sheet Non-Major Governmental Funds - Perpetual Care Fund March 31, 2008

	<u>Perpetual Care</u>
Assets	
Cash and Investments	\$ 39,742
Due from Other Funds	<u>-</u>
Total Assets	<u><u>\$ 39,742</u></u>
 Liabilities and Fund Equity	
 Liabilities	
Total Liabilities	\$ -
 Fund Equity	
Fund Balances - Reserved	37,573
- Unreserved	<u>2,169</u>
 Total Liabilities and Fund Equity	<u><u>\$ 39,742</u></u>

GOLDEN TOWNSHIP

Combining Statement of Revenues, Expenditures and Changes
in Fund Balance - Non-Major Governmental Funds - Perpetual Care Fund
For the Fiscal Year Ended March 31, 2008

	<u>Perpetual Care</u>
Revenues	
Interest	\$ 1,165
Other	<u>850</u>
Total Revenues	2,015
Expenditures	
General Government	<u>-</u>
Total Expenditures	<u>-</u>
Excess Revenue Over (Under) Expenditures	2,015
Other Financing Sources (Uses)	
Transfers In	<u>13,605</u>
Excess Revenues & Sources Over (Under) Expenditures & Uses	15,620
Fund Balance - Beginning	<u>24,122</u>
Fund Balance - Ending	<u><u>\$ 39,742</u></u>

GOLDEN TOWNSHIP

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Property Taxes	\$ 194,965	\$ 227,436	\$ 32,471
State Grants	135,000	133,844	(1,156)
Charges for Services			
Cemetery Charges	5,700	2,672	(3,028)
Zoning Charges	13,200	8,731	(4,469)
Interest	5,000	5,633	633
Reimbursement	-	1,424	1,424
Other	<u>223,600</u>	<u>108,857</u>	<u>(114,743)</u>
Total Revenues	577,465	488,597	(88,868)
Expenditures			
General Government			
Township Board			
Salaries and Wages		\$ 3,750	
Office Supplies		9,841	
Printing & Publishing		2,055	
Professional Services		16,258	
Membership & Subscriptions		5,804	
Library		15,000	
Fire Department		73,035	
Street Lighting		5,285	
Road Patrol		4,092	
Drains		4,102	
Insurance & Bonds		5,876	
Miscellaneous		<u>2,751</u>	
	\$ 147,200	147,849	\$ (649)
Supervisor			
Salaries and Wages		10,712	
Printing & Publishing		1,797	
Professional Services		4,533	
Supervisor Mileage		<u>600</u>	
	16,612	17,642	(1,030)
Elections			
Salaries and Wages		1,672	
Supplies		318	
Professional Services		<u>300</u>	
	3,500	2,290	1,210

Statement of Revenues, Expenditures and
Changes in fund Balance - General Fund (continued)

Clerk			
Salaries and Wages		\$ 16,711	
Clerical Help		2,164	
Mileage		<u>1,200</u>	
	\$ 19,800	20,075	\$ (275)
Board of Review			
Salaries and Wages		1,364	
Printing & Publishing		229	
Professional Services		<u>45</u>	
	2,000	1,638	362
Treasurer			
Salaries and Wages		22,828	
Clerical Help		5,780	
Printing & Publishing		3,435	
Professional Services		35	
Mileage		<u>1,200</u>	
	35,980	33,278	2,702
Township Hall and Grounds			
Operating Supplies		641	
Repairs and Maintenance		3,598	
Professional Services		15,933	
Service Contracts		380	
Public Utilities		17,072	
Capital Outlay		<u>243,367</u>	
	231,600	280,991	(49,391)
Assessor	34,000	33,167	833
Cemetery			
Salaries and Wages		5,566	
Operating Supplies		1,891	
Professional Services		1,511	
Public Utilities		500	
Capital Outlay		<u>270</u>	
	<u>21,050</u>	<u>9,738</u>	<u>11,312</u>
Total General Government	511,742	546,668	(34,926)
Community/Economic Development			
Zoning			
Salaries		21,840	
Salaries-Part Time		200	
Per Diem-PC & ZBA		4,520	
Printing & Publishing		409	
Professional Services		6,034	
Mileage		<u>1,200</u>	
Total Community/Economic Development	44,340	34,203	10,137

Recreation and Culture

Parks

Salaries & Wages		1,500	
Operating Supplies		48	
Miscellaneous		57	
Professional Services		2,600	
Public Utilities		188	
Total Recreation and Cultural	5,550	<u>4,393</u>	1,157

Debt Service

Principal Payment	-	2,795	(2,795)
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Other

Payroll Taxes and Fringe Benefits	<u>15,833</u>	<u>11,282</u>	<u>4,551</u>
Total Expenditures	<u>577,465</u>	<u>599,341</u>	<u>(21,876)</u>
Excess Revenues Over (Under) Expenditures	-	(110,744)	(110,744)

Other Financing Sources (Uses)

Proceeds from Sale of Assets	-	1	1
Proceeds from Long Term Debt	-	8,385	8,385
Operating Transfers Out	<u>-</u>	<u>(13,605)</u>	<u>(13,605)</u>
Total Other Financing Sources (Uses)	-	(5,219)	(5,219)

Excess Revenues and Sources Over (Under) Expenditures and Uses	<u>\$ -</u>	(115,963)	<u>\$ (115,963)</u>
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Fund Balance - Beginning		<u>306,615</u>	
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Fund Balance - Ending		<u>\$ 190,652</u>	
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H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Board Members,
Golden Township
Mears, MI

In planning and performing our audit of the financial statements of Golden Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Golden Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Golden Township's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

Anti-Fraud Program

In the current, year as well as the prior year, we noted that the Township has not adopted an Anti-Fraud Program (such as the attached standards of ethics and conduct) as required by SAS 99.

Grand Rapids
4575 Lake Michigan Dr. NW
Grand Rapids, MI 49546
Phone (616) 453-8551
Fax (616) 453-9352

Muskegon
4985 South Harvey Street
Muskegon, MI 49444
Phone (231) 798-1040
Fax (231) 798-8409

Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Montague
4538 Dowling Street
Montague, MI 49437
Phone (231) 893-6772

Hart
1550 N. Industrial Park Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

www.hscompanies.com

Controls over Non-Routine and Non-Systematic Transactions

The Township does not have controls in place whereby journal entries are reviewed by individuals independent of the person initiating the transactions.

Address Preparation of Financial Statements

As is common in Townships, the Township's accounting department currently does not perform the following functions:

- Prepare its financial statements, complete with notes, in accordance with accounting principles generally accepted in the United States of America. Accordingly, the Township is unable to, and has not, established internal controls over the preparation of financial statements.
- Prepare schedules of property and equipment and record depreciation. Currently, in the course of performing the audit, depreciation schedules are updated for activity during the year, and depreciation is calculated and recorded.

As part of the audit, management has requested us to prepare a draft of the Township's financial statements, including the related notes to the financial statements. Management then performed a review of the financial statements. However, in order to provide improved oversight of the financial statement preparation services at an appropriate level and implement controls over the financial reporting process, management might establish review policies and procedures including the performance of some or all of the following functions:

- Review the adequacy of financial statement disclosures, possibly including reviewing and approving a completed disclosure checklist we would provide to you or by completing a disclosure checklist.
- Review and approve schedules and calculations supporting amounts included in the notes to the financial statements.
- Apply analytical procedures to the draft financial statements.
- Perform other procedures as considered necessary by management.

Internal Control over Computer Passwords

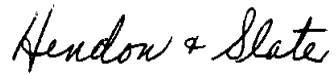
In order to provide adequate security to computer system operations and valuable assets such as system hardware, software, and data, procedures should be developed to address employee terminations. Typical termination procedures include the following:

- Immediate deletion of personnel passwords on the system.
- Immediate change of all locks or passwords giving access to hardware or software.
- Collection of system and operations documentation.

In addition, separate passwords for access to the accounting software should be assigned to each employee granted access. These passwords should be kept secure and not shared among employees. Passwords should also be changed on a regular basis to prevent unauthorized use. A "master list" of passwords should not be kept by any employee or official of the Township. Instead, the accounting software provider (BS&A) should be contacted by an authorized person to retrieve that information as needed.

This communication is intended solely for the information and use of management, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.
Certified Public Accountants
October 7, 2008

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

October 7, 2008

To the Board Members
Township of Golden, Mears, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Township of Golden for the year ended March 31, 2008, and have issued our report thereon dated October 3, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 30, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Golden Township are described in Note A of the financial statements. No new accounting policies were adopted and the applications of existing policies were not changed during the 2007-2008 fiscal year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Grand Rapids
4575 Lake Michigan Dr. NW
Grand Rapids, MI 49546
Phone (616) 453-8551
Fax (616) 453-9352

Muskegon
4985 South Harvey Street
Muskegon, MI 49444
Phone (231) 798-1040
Fax (231) 798-8409

Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Montague
4538 Dowling Street
Montague, MI 49437
Phone (231) 893-6772

Hart
1550 N. Industrial Park Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

www.hscompanies.com

Management's estimate of the accumulated depreciation on property and equipment is based on straight line depreciation . We evaluated the key factors and assumptions used to develop the Capital outlay and assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 7, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

Chart of Accounts

During our audit we noted that several accounts in the Townships chart of accounts are coded to the incorrect activity level. We recommend that you review and compare the chart of accounts to the official chart of accounts format prescribed by the State of Michigan and make the necessary revisions .

We also noted that part of the payroll tax expenditures were recorded in the appropriate activity levels and part as a total in the Other Functions activity level. We recommend that the Township modify the method of allocating payroll taxes to the individual activities levels only and budget for them appropriately.

Budget Issues

During our audit, we noted that expenditures exceeded appropriations during the year. We recommend that the board review and amend for possible over expenditures as soon as they are identified.

Quarterly Payroll Tax Reporting

Employers who pay wages subject to income tax withholding or social security and Medicaid taxes must file Form 941, Employer's Quarterly Federal Tax Return by the last day of the month that follows the end of the quarter. We noted that no quarterly 941 reports were filed during the 2008 calendar year. We recommend that this report be completed immediately for all applicable periods and filed with the appropriate reporting agency.

Approval of Transfer in Minutes

During the audit, we noted that the annuity was redeemed and the funds moved to the cemetery fund, however, we did not find any authorization for this transfer noted in the minutes. In the future, we recommend that any transfers between funds be approved by the board and noted in the minutes of the board meetings.

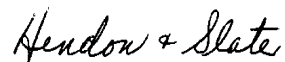
Segregation of Duties

While the Township is following the common practice amongst small governments of having the treasurer bear all of the responsibility for accounting for tax receipts and disbursements, the Uniform Accounting Procedures Manual does state that the clerk is to have a role in this process. Per the Manual, the Township should have a separate set of accounts similar to any other fund (such as the General Fund) and should use the same practices for accounting for transactions. That is to say that the Treasurer should receipt tax revenues and provide the receipt to the clerk to be recorded in the Tax Account. Although the treasurer is responsible for the disbursements from the tax account, the clerk should also record all of the checks out of the Tax Account and reconcile the accounts of this fund with the treasurer's records. We understand that the Township may see this as an unnecessary series of steps that have never been performed and are often not performed by other Townships, but we view this as an opportunity to both comply with the Uniform Accounting Procedures Manual as well as strengthening the internal controls over cash and the entire tax collection and disbursement process. We have included a copy of the Uniform Accounting Procedures Manual and would be happy to assist the township in implementing these changes.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the members of the board and management of Township of Golden and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Hendon & Slate, PC
Certified Public Accountants
Fremont, Michigan